

Message Text

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12

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FM AMEMBASSY ANKARA

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SUBJECT: NEW GOT EFFORT TO ATTRACT TURKISH WORKERS SAVINGS

REF: ANKARA 2139

1. MINISTRY OF FINANCE COMMUNIQUE PUBLISHED IN OFFICIAL GAZETTE ON APRIL 1 OUTLINES NEW MEASURES BEING TAKEN BY GOT TO ATTRACT TURKISH WORKERS' SAVINGS FROM GERMANY TO TURKEY. COMMUNIQUE AMPLIFIES ARRANGEMENT REFERRED TO BY TREASURY SECRETARY GENERAL GUVEN AS REPORTED IN REFTEL.

2. COMMUNIQUE INSTITUTES NEW TYPE OF CONVERTIBLE LIRA ACCOUNT)"FOREIGN EXCHANGE DEPOSIT ACCOUNT BY CREDIT LETTER") FOR TURKISH CITIZENS WORKING ABROAD. UNDER THE NEW PROCEDURE FOREIGN EXCHANGE EARNED ABROAD CAN BE DEPOSITED EITHER DIRECTLY INTO THE CENTRAL BANK OF TURKEY OR IN ACCOUNTS OF THE CENTRAL BANK IN DESIGNATED FOREIGN BANKS OUTSIDE OF TURKEY. THE ACCOUNTS WILL ACCRUE INTEREST AT THE RATE OF 7 PERCENT PER ANNUM FOR SIGHT DE-
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POSITS, 9 PERCENT FOR ONE-YEAR DEPOSITS AND 11 PERCENT FOR AC-

COUNTS OPENED FOR MORE THAN TWO YEARS. INTEREST EARNED ON THE ACCOUNT AND THE PRINCIPAL ITSELF IS FULLY-CONVERTIBLE AND MAY BE TRANSFERRED OUT OF TURKEY AT ANY TIME. (INTEREST OFFERED BY GOT IS HIGHER THAN WHAT WORKERS CAN GET ON SAVINGS DEPOSITS IN GERMANY.)

3. THE COMMUNIQUE ALSO HAS A PROVISION DEALING WITH IMPORTS WITH WAIVER WHICH PROVIDES OTHER ADVANTAGES TO TURKISH WORKERS OPENING THIS TYPE OF ACCOUNT. UNDER PREVIOUS REGULATIONS TURKISH WORKERS RETURNING FROM EUROPE WERE ELIGIBLE TO BRING IN CERTAIN IMPORTS UNDER A DUTY-FREE OR LESSEDED DUTY WAIVER. HOWEVER, AGRICULTURAL OR INDUSTRIAL EQUIPMENT THAT MIGHT BE USED FOR SMALL INDUSTRIES IN TURKEY IS FREQUENTLY NOT AVAILABLE AT TIME WORKER MAY BE RETURNING TO TURKEY. ONCE THE WORKER RETURNS TO TURKEY, HE WOULD NO LONGER BE ABLE TO USE IMPORT WITH WAIVER PROVISIONS. CONSEQUENTLY, RETURNING WORKERS HAVE INCREASINGLY USED PRIVILEGE OF IMPORT WITH WAIVER FOR AUTOMOBILE IMPORTS IN PLACE OF "MORE DESIRABLE" EQUIPMENT IMPORTS. EIGHTY MILLION DOLLARS WORTH OF AUTOMOBILES WERE IMPORTED IN THIS WAY IN 1975. NEW REGULATIONS HOWEVER, ALLOW TURKISH WORKERS (WHO HAVE FOREIGN EXCHANGE ACCOUNTS) TO IMPORT EQUIPMENT UNDER WAIVER PROVISIONS UP TO SIX MONTHS AFTER RETURN TO TURKEY.

4. COMMENT: THE NEW PROCEDURE IS DESIGNED TO BOLSTER TURKEY'S FOREIGN EXCHANGE POSITION BY TAPPING WORKERS SAVINGS, HERETOFORE HELD IN GERMAN BANKS. ON THE OTHER HAND, WORKER REMITTANCES HAVE DROPPED FROM SOME \$226 MILLION IN JANUARY-FEBRUARY, 1975 TO \$118 MILLION DURING THE SAME PERIOD IN 1976. THIS SITUATION, HOWEVER, MAY BE IMPROVED BY TWO RECENT DEVALUATIONS OF TURKISH LIRA AMOUNTING TO ALMOST 7 PERCENT VIS-A-VIS US DOLLAR. GOT HAS FOR SOME TIME BEEN TRYING TO DEVISE EFFECTIVE MEANS TO TAP ESTIMATED SAVINGS OF DM4-10 BILLION HELD BY TURKISH WORKERS IN GERMAN BANKS. IT REMAINS TO BE SEEN HOW SUCCESSFUL THIS NEW MEASURE WILL BE. GOT, HOWEVER, MUST WORK HARDER THAN IT HAS TO PERSUADE TURKISH WORKERS IN EUROPE THAT THERE ARE FAVORABLE INVESTMENT OPPORTUNITIES IN TURKEY. WORKERS MUST BE CONVINCED THAT GOT INVESTMENT PROGRAMS ARE TO THEIR OWN PERSONAL FINANCIAL ADVANTAGE NOT JUST TO THE ADVANTAGE OF THE GOT.

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